

February 23, 2016

The regular meeting of the Council of the City of Martinsville, Virginia, was held on February 23, 2016, in Council Chambers, Municipal Building, at 7:30 PM, Closed Session beginning at 7:00pm. Council Members present included: Danny Turner, Gene Teague, Sharon Brooks Hodge, Jennifer Bowles and Mark Stroud. Staff present included: City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, Clerk of Council Karen Roberts, City Attorney Eric Monday, Finance Director Linda Conover, Budget Analyst Mary Prillaman, Public Works Director Jeff Joyce, Director of Electric Durwin Joyce and Police Chief Sean Dunn.

Vice Mayor Bowles called the meeting to order and advised Council would go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Mayor Turner, seconded by Council Member Hodge, with the following 5-0 recorded vote: Vice Mayor Bowles, aye; Council Member Stroud, aye; Council Member Teague, aye; Mayor Turner, aye; and Council Member Hodge, aye; Council convened in Closed Session for the purpose of discussing the following matters: (A) Discussion or consideration of the investment of public funds where competition or bargaining is involved where, if made public initially, the financial interest of the governmental unit would be adversely affected, as authorized by Subsection 6, and (B) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. On a motion by Turner, seconded by Hodge, with the following 5-0 recorded vote in favor to return to Open Session: Mayor Turner, aye; Council Member Teague, aye; Vice Mayor Bowles, aye; Council Member Hodge, aye; Council Member Stroud, aye.

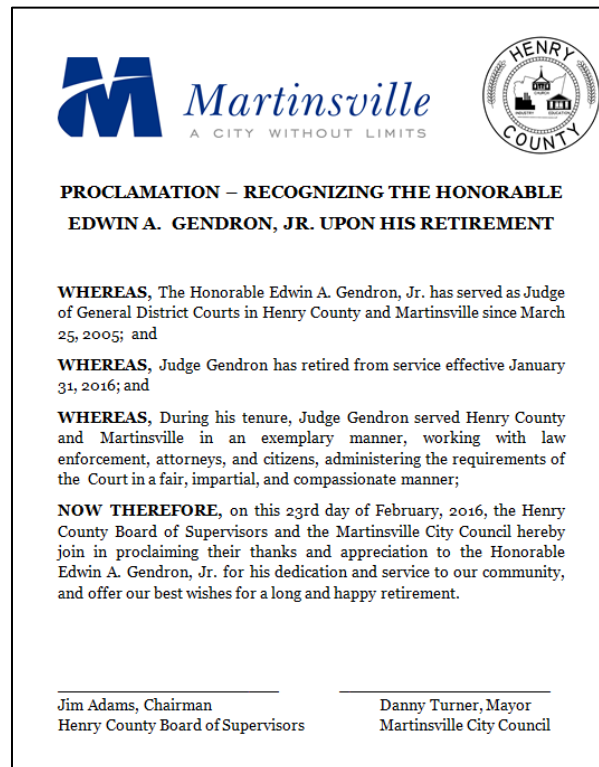
Following the invocation by Vice Mayor Bowles and Pledge to the American Flag, Bowles welcomed everyone to the meeting.

Consider approval of minutes from the February 9, 2016 meeting – on a motion by Council Member Stroud and seconded by Council Member Hodge with a 5-0 vote in favor, Council approved the February 9, 2016 minutes as presented.

Recognize City Employees who are eligible for Service Awards – January 1 through March 31, 2016 – City Manager Towarnicki recognized the following employees for their years of service. He congratulated them and thanked them for their service.

SERVICE AWARD RECIPIENTS THIRD QUARTER - FISCAL YEAR 15-16 FOR THE PERIOD OF JANUARY 1 THROUGH MARCH 31, 2016		
NAME	DEPARTMENT	YEARS OF SERVICE
BLAINE ADKINS	WATER RESOURCES	5
CHRIS BELL	POLICE DEPT	5
RYAN EMBERSON	ELECTRIC	5
ROY DONAVANT	WATER RESOURCES	10
DAN HOWELL	FIRE DEPARTMENT	20
DAWN VAUGHN	POLICE DEPT	20
JIMMY ASHWORTH	FIRE DEPARTMENT	20
SHEILA CLARK	TREASURER	20
ANDY BOITNOTT	POLICE DEPT	25
CORETHA GRAVELY	POLICE DEPT	25
ROY PRILLAMAN	SHERIFF'S DEPARTMENT	25
DOUG WOOD	WATER PLANT	35

Consider presentation of a Joint Proclamation with Henry County, recognizing Martinsville/Henry County General District Court Judge Edwin A. Gendron, Jr. on his retirement – Vice Mayor Bowles read the proclamation recognizing Judge Gendron. Judge Gendron said it was an honor and a pleasure to serve as Judge in the City court and he had enjoyed working with the staff.



Conduct a public hearing to consider a request for rezoning of 51 Lester Street and 49-Lot Lester Street from M-2 – Heavy Manufacturing District to C-2 – Central Business District – public hearing was opened with no response and then convened to a future date.

Hear a presentation regarding development of an asset management plan for water and sewer – City Manager Towarnicki summarized the asset management plan and its benefit to the City. When the plan is developed, it will continuously be updated and used as a tool for

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budgeting. He introduced Lori Kroll of Draper Aden. Mrs. Kroll said it was an honor to present Council with a progress report of the asset management plan. Asset management is an important tool in planning the future infrastructure of the City. Ms. Kroll presented a PowerPoint detailing the asset management program including local need, stages of implementation, asset management process, state of assets, levels of service, criticality, life cycle costs and long term fundraising strategy. Mrs. Kroll provided the updated plan which was shared with Council Members digitally. The plan will need to be updated yearly. Council Member Teague stated that he appreciated the plan but felt that it will be a difficult thing to cut jobs or ask residents for a tax increase to fund future repairs. Most of the projects previously and currently are handled on an "as needed" basis. Hodge said her first year on Council she expressed concern on how profits were spent on other things instead of reinvesting in infrastructure. She asked if this plan is focusing on new projects that will need repair in the future or is the focus on current issues that need repair soon. Kroll said the asset management program focuses on both. Kroll said this program is a mechanism to educate the public on City needs. Bowles stated that she feels this is a common sense plan and she fully supports it. She thanked Andy Lash for working on the computer program to support asset management details. Kroll said the focus has been on water and sewer so far but the next step is to work more closely with Public Works projects. Stroud agreed that the asset management program is a good plan and he felt encouraged that Martinsville is the first community in Virginia to present an asset management plan to DEQ. He agreed that Mr. Lash is an asset to the City.

Hear an update from Community Development staff regarding the Northside Community Development Block Grant project - Wayne Knox provided an update on the Northside Grant project. Recently there was an interim compliance review which resulted in a good review but he stated that the project is progressing slower than scheduled due to lack of property owner response. The design work on Franklin Street and Dillard Street is complete and once contractors begin on Franklin Street then that area will be closed to thru traffic. He updated Council on properties that are to be remodeled or rebuilt. Hodge stated that a concern was that one of the contractors was behind. Knox confirmed that they have spoken to the contractor and rehab people and he feels that issue had been resolved. Hodge asked about the deficit from previous block grants and how they plan to prevent that from happening again. Knox says that little money has been spent and that the Finance department is monitoring it. Mr. Knox said completion date is expected by January 23, 2017.

Consider approval on second reading of an ordinance reciting the expediency of the issuance of up to \$10,000,000 principal amount of water and sewer revenue bonds for the City's sewer interceptor project - City Manager Towarnicki summarized the project funding. There are two more actions that will need to occur at the March meetings. A motion was made

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by Council Member Teague to approve on second reading of the ordinance, motion was seconded by Council Member Hodge with a 5-0 recorded vote: Hodge, aye; Bowles, aye; Stroud, aye; Teague, aye; and Turner, aye.

<p style="text-align: center;">CITY OF MARTINSVILLE, VIRGINIA</p> <p>AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$10,000,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING</p> <p style="text-align: right;">Adopted on February 23, 2016 (second reading)</p> <p style="text-align: center;">(Y:\2016\2.1. 00000-00000)</p>	<p>Be it <u>Ordained</u> by the Council of the City of Martinsville, Virginia:</p> <p>Section 1 - Findings and Determinations</p> <p>The City Council ("City Council") of the City of Martinsville, Virginia (the "City") proposes to issue bonds for the purpose of assuring in the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for municipal purposes (together, the "Project") and hereby finds and determines that: (i) the City is in need of funds to be used by the City for the Project including paying for costs of issuance of the Bonds (defined below); (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City's facilities for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of water and sewer revenue bonds in an original principal amount not to exceed \$10,000,000 to be issued by the City as further described herein (the "Bonds") to be used for the acquisition, construction, renovation and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debt, borrow money and make and issue evidence of indebtedness; and, (v) the issuance of the Bonds is in the best interests of the City and its citizens.</p> <p>Section 2 - Description of the Bonds</p> <p>The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed TEN MILLION DOLLARS (\$10,000,000). The maximum length of time that the Bonds will be outstanding is thirty years. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000 MAXIMUM PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.</p> <p>Section 3 - Further Actions Authorized</p> <p>The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Director of Finance, City Attorney, bond counsel and all other officers,</p> <p style="text-align: center;">(Y:\2016\2.1. 00000-00000)</p>				
<p>employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.</p> <p>Section 4 - Invalidity of Sections</p> <p>If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.</p> <p>Section 5 - Headings of Sections</p> <p>The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.</p> <p>Section 6 - Effective Date and Filing of Ordinance</p> <p>Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.</p> <p style="text-align: center;">(Y:\2016\2.1. 00000-00000)</p> <p style="text-align: center;">2</p>	<p>The Members of the Council voted as follows on the foregoing Ordinance:</p> <table border="0"><tr><td style="text-align: center;">Ayes</td><td style="text-align: center;">Nays</td></tr><tr><td style="text-align: center;">Absent</td><td style="text-align: center;">Abstentions</td></tr></table> <p>Adopted this 23rd day of February, 2016 (second reading).</p> <p>_____</p> <p>The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on February 23, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Ordinance, a quorum was present.</p> <p>Dated this _____ day of February, 2016.</p> <p>_____</p> <p style="text-align: center;">Clerk, City Council of City of Martinsville, Virginia</p> <p style="text-align: center;">(Y:\2016\2.1. 00000-00000)</p> <p style="text-align: center;">3</p>	Ayes	Nays	Absent	Abstentions
Ayes	Nays				
Absent	Abstentions				

Hear information regarding a proposed resolution directed to the Federal Energy Regulatory Commission (FERC) concerning the Prairie State Energy Campus project – City Manager Towarnicki referred to the copies provided to Council about the proposed resolution presented by Mayor Turner at the February 23, 2016 Council Meeting. Towarnicki said there was significant research done since the previous meeting and pointed out some discrepancies and differences. Hodge asked Towarnicki to further explain how he came up with the numbers. Mayor Turner disagreed with some of the information Towarnicki provided, stating

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that the City cannot sell without taking a loss. Teague says the City has only committed to purchasing power and said that he would support the revised resolution only because it is for assessment only. Vice Mayor Bowles read the resolution. Council Member Hodge made a motion to approve the resolution concerning the Prairie State Energy Campus Project, Mayor Turner seconded the motion with all Council Members voting in favor.



Office of the City Manager

DATE: February 23, 2016
TO: Honorable Mayor and Council
FROM: Leon Towarnicki, City Manager
SUBJECT: Proposed Resolution – Peabody Sale Related to Prairie State

At the February 9 Council meeting, a resolution was presented by Mayor Turner regarding the announced sale of Peabody Energy LLC's 5.06% interest in Prairie State Energy Campus, requesting the Federal Energy Regulatory Commission (FERC) to assess the impact the sale might have on communities that now obtain electric power from PSEC. The concern generated by the proposed sale centers around the fact that the announced sale price of \$57 million is significantly less than Peabody Energy's indicated initial investment of \$246 million, raising questions about "devaluing" the PSEC asset and the potential impact to electric customers.

After review, the following are points related to this issue:

- Prairie State Energy Campus is a 1600 MW state-of-the-art coal burning facility located in Washington County, Illinois with 95% of the output dedicated to eight Midwestern-based public power utilities. American Municipal Power is one of the eight participants with a 23.26% interest in the project. There are 68 communities across multiple states that have long-term power contracts with AMP for power coming from PSEC. Martinsville's contract calls for 5.8 MW, which represents approximately 15% of the City's electric power requirement.
- According to AMP, the proposed sale of Peabody Energy's 5.06% share (80 MW of the 1600 MW capacity) to Wabash Valley Power has no financial impact on AMP, its participating members, or to any other plant owners.
- Peabody Energy has the legal right to sell its share of PSEC to a third party for whatever price it deems appropriate. The sale does not reduce the long term asset value of PSEC nor does it change the financial obligation or contractual interest of AMP, or its participating members.

- The asset and debt liability associated with AMP's share of PSEC is on AMP's books, not the individual participants. The proposed Peabody sale does not affect the value in any way.
- Even if there were a direct relationship between the Peabody sale and total asset value, mathematically approximately a 4% difference might be expected. The devaluation of the total PSEC asset by 80% as has been mentioned has no basis in fact and cannot be correctly inferred from the proposed sale of a 5.06% share.
- There is no approval required of the other PSEC participants for Peabody to sell its share of Prairie State to Wabash. The other participants have first right of refusal to bid on the capacity being sold by Peabody, but all of them have formally notified each other that they have no interest in buying it. The "deal" between Peabody and Wabash now appears to simply be a matter of process with FERC, which is simply a transfer of assets procedure, i.e. FERC has no interest in the sale price as the "deal" is between a willing buyer and a willing seller.
- Any investigation undertaken by FERC that requires expenditures by Prairie State would most likely result in those costs being passed through to all owners, including AMP, and ultimately to participants. Additionally, there appears to be no clearly defined jurisdiction FERC would have in regard to the issue it is being asked to investigate.

Attached is a copy of the resolution presented at the February 9 Council meeting and a copy of the letter sent by Delegate Danny Marshall regarding this issue. Should Council decide to move ahead with this, attached for Council's consideration, are copies of a revised alternate resolution, , and a City letter following the same format as the Marshall letter.


LET

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WHEREAS the City of MARTINSVILLE executed a Power Sales Contract with American Municipal Power for 5.8 MWh of power in [Feb. 2008] in connection with the acquisition of an ownership interest in American Municipal Power's share of Prairie State Energy Campus;

WHEREAS the Council for the City of MARTINSVILLE executed the contract based on representations that participation in the Prairie State Energy Campus would provide the access to low-cost reliable power for the term of the Power Sales Contract;

WHEREAS the Prairie State project has had a history of cost overruns during the course of its construction and delays in placing both units of the 1600 MW facility into commercial operations;

WHEREAS the power rates for the City of MARTINSVILLE has far exceeded the projected \$46/MWh for the price of power that was presented to council;

WHEREAS the City of MARTINSVILLE is currently accruing future liabilities for the deferred costs of power under American Municipal Power's cost levelization and cost stabilization programs;

WHEREAS the announcement of Peabody Energy's sale of its 5.06% interest in the Prairie State Energy Campus to Wabash Valley Power Authority for \$57 million raises questions about the true asset value of the project;

WHEREAS the reduction in asset value suggests that the City of MARTINSVILLE and other AMP participant members also obligated under their respective Power Sales Contract Resource agreements now possess financial obligations that may exceed the value of their contractual interest in the project;

WHEREAS the questions concerning the true value of the Prairie State project and of the substantially reduced asset value within the first 5 years under the [307] year contract may trigger potential violations under state statute regarding the amount of indebtedness under the power sales contract;

BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MARTINSVILLE, that the City Council will submit comments on the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Electricity, LLC and Lively Grove Energy Partners, LLC on January 27th, 2016; that the Council will request from FERC in those comments an assessment of whether the significantly reduced asset value of the Prairie State project in the proposed sale will create a financial hardship on the 200 communities now paying debt service on an asset that is now valued at 80% less than the amount of the indebtedness that the communities are now liable for under their respective power sales agreements; That the City Council will file said comments on or before February 26th, 2016 within the 21 days provided by the FERC procedures for approval of the Joint Application.



DANNY W. MARSHALL, III
POST OFFICE BOX 430
DANVILLE, VIRGINIA 24043
FOURTEENTH DISTRICT

COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

February 17, 2016

COMMITTEE ASSIGNMENTS:
AGRICULTURE, CHESAPEAKE AND
NATURAL RESOURCES GUARDIAN
COUNTIES, CITIES AND TOWNS
COMMERCE AND LABOR

Norman C. Bay, Chairman
Cheryl A. LaFleur, Commissioner
Tony Clark, Commissioner
Colette D. Honorable, Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Bay and Commissioners:

I am writing to submit comments and a request regarding the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Electricity, LLC and Lively Grove Energy Partners, LLC on January 27th, 2016. This agreement may adversely affect utility providers of my district and region.

This is a request for FERC to conduct an assessment of whether the significantly reduced asset value of the Prairie State project in the proposed sale will create a financial hardship on the 200 communities now paying debt service. It is my understanding that the asset is now valued at about 80% less than the amount of the indebtedness for which the communities are liable under their respective power sales agreements.

The City of Danville, is in my legislative district and the City of Martinsville borders my district. Both would be affected.

I ask that you examine the facts and consider any relief possible for these communities, as you make the determination regarding approval of the Joint Application. Thank you for your time and consideration.

Sincerely,

Danny Marshall

Cc: Mayors and City Council Members of Danville and Martinsville, Virginia

DISTRICT (434) 797-5861 • RICHMOND (804) 598-1014 • E-MAIL: DELMARSHALL@HOUSE.VIRGINIA.GOV



RESOLUTION

REQUESTING FEDERAL ENERGY REGULATORY COMMISSION REVIEW OF THE IMPACT ON POWER COSTS OF PEABODY ENERGY'S PROPOSED SALE OF ITS 5.06% INTEREST IN PRAIRIE STATE ENERGY CAMPUS

WHEREAS, Prairie State Energy Campus is an operating coal-fired 1600 MW power plant located in Washington County, Illinois with 95% of the output dedicated to eight Midwestern-based public power utilities; and

WHEREAS, American Municipal Power is one of the eight public power utilities, owning a 23.26% interest in Prairie State Energy Campus; and

WHEREAS, the City of Martinsville along with 67 other communities across multiple states have long-term power contracts with AMP for power coming from PSEC; and

WHEREAS, Peabody Energy LLC recently announced the proposed sale of their 5.06% share of the PSEC project to Wabash Valley Power Association, Inc. for a reported \$57 million, almost \$190 million less than Peabody's indicated initial investment of \$246 million, generating concern the sale will impact the total asset value of PSEC and subsequently, power costs;

NOW, THEREFORE BE IT RESOLVED, on this 23rd day of February, 2016, Martinsville City Council does hereby submit this Resolution as comment on the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Energy LLC, and Lively Grove Energy Partners LLC on January 27, 2016 requesting FERC to conduct an assessment of whether the proposed Peabody sale will impact electric costs for communities that have long-term power contracts through the eight public power utilities contracted for the purchase of power from Prairie State Energy Campus.

Danny Turner
Mayor

Council Members
Danny Turner, Mayor
Jennifer Bowles, Vice-Mayor
Sharon Brooks-Hodge
Mark Stroud
Gene Teague



City Manager
Leon E. Towarnicki
City Attorney
Eric H. Monday
Clerk of Council
Karen Roberts

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Norman C. Bay, Chairman
Cheryl A. LaFleur, Commissioner
Tony Clark, Commissioner
Colette D. Honorable, Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Bay and Commissioners:

On behalf of the Council of the City of Martinsville, Virginia, please consider this letter as written comment regarding the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Energy, LLC, and Lively Grove Energy Partners, LLC on January 27, 2016.

The heart of the issue is the proposed sale of Peabody Energy's 5.06% share of Prairie State Energy Campus to Wabash Valley Power Association, Inc. for a reported \$57 million, almost \$190 million less than Peabody's indicated initial investment of \$246 million.

This is a request for FERC to conduct an assessment of whether the proposed sale will impact electric costs for communities that have long-term contracts through the eight public power utilities contracted for the purchase of power from Prairie State Energy Campus.

Sincerely,

Leon Towarnicki
City Manager

cc: Martinsville City Council Members

55 West Church Street, P. O. Box 1112, Martinsville, VA 24114-1112 276-403-5180 Fax: 276-403-5280
www.martinsville-va.gov

Consider adoption of a City Investment Policy – Linda Conover explained the Investment Policy. She said this policy does not change anything they currently do, it just explains the procedure they already follow. Teague asked to make a suggestion to Item E on Page 1,

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requesting the Treasurer provide the investment reports to Council going forward. Hodge asked if we “shop” for best rates, Conover confirmed that the City sends out a request for proposals so they can lock in the best deals. A motion was made by Council Member Teague to adopt the Investment Policy with the requested change, Mayor Turner seconded the motion with all Council Members voting in favor.

City of Martinsville Investment Policy	
Section 1. PURPOSE This policy is to document the investment strategy objectives of the City of Martinsville (“City”) and define the allowable investments and restrictions that must be followed by the City, as set forth by City Code and Commonwealth of Virginia Statutes.	6. Repurchase agreements executed through Federal Reserve Member banks or Primary Dealers in U.S. Government Securities and collateralized by Treasury or Agency obligations, the market value of which is at least 102% of the purchase price of the repo. 7. The Commonwealth of Virginia Treasury Department’s Local Government Investment Pool (“LGIP”) and the Virginia State Non-Arbitrage Program.
Section 2. POLICY A. In recognition of its fiduciary roll in the management of all City funds entrusted to its care, it shall be the policy that all funds be invested with the care, skill, prudence, and diligence to ensure that sound investments are made to protect the City’s financial position and provide for ample returns on the investments. B. The Virginia Security for Public Deposits Act regulates all deposits made by Treasurers. C. It is the responsibility of the Treasurer and the Finance Director to manage the investment program of the City such that the City meets or exceeds all statutes and guidelines governing the deposit and investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB). In addition, the City will comply with all provisions relating to the investments and deposits included in any Bond Indenture, Financing Agreement, or similar document. The investment officials should not engage in or profit from personal or business activities that are directly related to and could affect their decisions and responsibilities as investors of government funds. D. Investment officials acting within the scope of statutory authority and the terms of the investment policy are indemnified for their actions. E. The Treasurer will prepare reports to show the balance of all investment accounts.	Section 5. DEPOSITS All City deposits are required to be insured under the Federal Deposit Insurance Corporation (FDIC) and collateralized and structured under the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia. Local Treasurers are required to deposit all funds received as promptly as practical after receipt. Such deposits are to be made in the name of the City in a bank or savings and loan association authorized to act as depository therefore. Section 6. MATURITY RESTRICTIONS A. It is recognized that, prior to maturity date, the market value of securities in the City’s portfolio may fluctuate due to changes in market conditions. In accordance with the City’s primary investment objectives of liquidity and preservation of principal, every effort should be made to manage investment maturities to precede or coincide with the expected need for funds. B. Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows: 1. Funds shall be invested at all times in keeping with the seasonal pattern of the City’s cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Treasurer and Finance Director. 2. The portfolio must be invested in securities maturing within five (5) years. If an investment may be redeemed by the City for its intended purpose without penalty within five (5) years, such investment shall be deemed in compliance with this maturity restriction. 3. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.
Section 3. OBJECTIVES A. The primary objectives of the investment strategy, listed in priority order, shall be as follows: 1. Safety – safety of principal is the foremost objective of the investment program. 2. Liquidity – the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. 3. Yield (Return on Investment) – the investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.	Section 7. PROHIBITED SECURITIES Any security not specifically authorized in this Investment policy is expressly prohibited.
Section 4. ALLOWABLE INVESTMENTS A. The following investment types are approved for use by the Treasurer in the investment of public funds, provided that the provisions of any Bond Indenture, Financing Agreement, or similar document are also satisfied: 1. U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government. 2. U.S. Government agencies and instrumentality obligations that have a liquid market with a readily determinable market value. 3. Certificates of deposit or other deposits of financial institutions located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized as provided by the Virginia Security for Public Deposits Act. 4. U.S. dollar denominated Banker’s acceptances issued by a domestic bank, provided, however, that such financial institutions and state-chartered banks are rated by Moody’s Investor Services as P-1 or better and by Standard & Poor’s as A-1 or better. 5. Taxable obligations of the Commonwealth of Virginia and of its local governments and public bodies provided such obligations have a debt rating of at least “AA” or equivalent by Moody’s and/or Standard & Poor’s.	Section 8. ADDITIONAL REQUIREMENTS & REVISIONS A. All securities purchased for the City shall be held by the City’s Treasurer, and must be in the City’s name. B. It is the City’s policy to require dual signatures for any cash transfers. The individuals authorized to transfer funds shall be those listed on the actual accounts. Renewal or “rollover” investment transactions may be authorized by the Treasurer and communicated to the Finance Director. C. Any modifications to this Investment policy shall be approved by the governing body of the City.

Consider approval of consent agenda – A motion was made by Teague and seconded by Hodge to approve the consent agenda as presented, all Council Members voted in favor.

BUDGET ADDITIONS FOR 2/23/16				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY16				
General Fund:				
01100909	490137	Recovered Costs - Public Safety		18,533
01311085	501200	Police Dept - Overtime	3,381	
01311085	502100	Police Dept - Social Security	210	
01311085	502110	Police Dept - Medicare	49	
01331108	501200	Sheriff Corrections - Overtime	13,834	
01331108	502100	Sheriff Corrections - Social Security	858	
01331108	502110	Sheriff Corrections - Medicare	201	
		Recovery of Off-duty Coverage Law Enforcement		
Total General Fund:			18,533	18,533

Comments by members of City Council – Hodge attended the business matchmaking event, stating that it was a good event and she wanted to commend the EDC for a good job. She asked the City Manager to provide a report of how the City works with other local businesses. Teague mentioned Fast Track March 1 and 2, 2016 and said it’s a successful event for the community and noted the new location. Turner recognized Lonnie Carter who

February 23, 2016

passed away earlier in the day. Turner asked if Martinsville was a community where the residents could pay for tickets with canned goods. Monday said he didn't believe we had the authority to accept any other forms of payment other than cash. Hodge mentioned the fee added to a traffic ticket that went towards equipment for patrol cars and asked for research on how that would work. Bowles congratulated the Martinsville Bulldogs on their win. She talked about Black History month and recognized previous African American City employees who had worked in the Police Department and School Board. She encouraged the younger generation to talk to their elders and learn their history. The Millennials of Martinsville and Henry County are close to their goal for the Flint Michigan donation.

Comments by City Manager – Towarnicki mentioned that the City has two booths at the trade show including MiNET, Water Department and Fire Department at one and the Police Department at the other. Applications for the Start-Up Martinsville program received 18 applications. Those have been reviewed and boot camp classes begin February 25, 2016. He said at least 15 of those applicants were invited to attend the classes and awards would be made at the end of the program.

City Attorney – City Attorney Monday addressed the bill that was referred to by Mayor Turner. Delegate Marshall put into the bill to authorize the creation of land bank authorities to manage delinquent or blighted properties.

Business from the Floor (not televised) – Dianne Ennis, 1216 Knollwood Place – wanted to thank Council for putting the asset management plan together.

There being no further business, a motion was made by Council Member Teague to adjourn the meeting, seconded by Council Member Hodge with all Council Members voting in favor. The meeting adjourned at 9:09pm.

Karen Roberts
Clerk of Council

Danny Turner
Mayor